

Unitary Filing Instructions for 2006 and 2007 Tax Years

This Excel spreadsheet is designed to help companies required to file combined group returns under 32 V.S.A. §5862(d) determine their Vermont tax liability.

General - Beginning in 2006, taxable corporations which are part of an affiliated group engaging in unitary business are required to file combined returns, reporting the combined net income of the group. The group must designate a Principal Vermont Corporation (PVC), which will be responsible for preparing all returns and making payments. For details about the PVC, please review Vermont Tax Department Regulation §1.5862(d) - 10, available here: <http://www.state.vt.us/tax/legalregs.shtml>

Group Composition - In general, “affiliated group” means a group of two or more corporations in which more than 50 percent of the voting stock of each member corporation is directly or indirectly owned by a common owner or owners, either corporate or non-corporate, or by one or more of the member corporations. “Unitary business” means one or more related business organizations engaged in business activity both within and without the state among which there exists a unity of ownership, operation, and use; or an interdependence of their functions.

For detailed information about the composition of the unitary group, please review Reg. §1.5862(d)-4-6.

Determination of Tax - Vermont income and tax are determined on a separate company basis for each taxable member of the group. The group’s tax liability is sum of the separate companies’ liabilities.

Each VT-nexus-member of the group applies its apportionment factor to the combined net income of the entire group. The apportionment is determined using the separate company’s Vermont factors as numerator, and the entire group’s factors as the denominator. Other items such as allocated income, credits, and net-operating losses are accounted for on a separate company basis.

Federal Consolidated Group – For Unitary Groups which include members of a federal consolidated group, the provisions of 32 V.S.A. §5862(c) remain intact, but underneath the umbrella of 5862(d). That is, separate companies that are part of a federal consolidated group must file within the combined report if they meet the unitary determination. But within the combined report, the nexus members of the federal consolidated group may elect to be treated as a consolidated filer.

If this election is made, each member of the consolidated group still must provide its separate apportionment, income, and tax calculations on the spreadsheet. Income will be summed and taxed as though the members of the consolidated group are one taxpayer.

Unitary Spreadsheet Instructions for 2006 and 2007

Be sure to select the worksheet for the correct tax year. Vermont corporate tax rates are different for the two year.

The worksheets are protected. Enter values in the white cells. The blue cells will calculate values.

Line numbers refer to the row numbers in the Excel sheet.

Line-by-Line Instructions:

Lines 1 - 4 - Required for the Principal Vermont Company. The Name of the Preparer and the contact phone number and extension are also required.

Lines 6 - 8 – Identify the Principal Vermont Company, all group members, and their tax identification numbers. Please list all Vermont NEXUS companies first.

Lines 9 through 33 will determine the separate company apportionment percentage. Prepare Vermont Apportionment Schedule BA-402 for each separate company.

Lines 9 - 12 – Drawn from Vermont forms BA-402, CO-419, and CO-420 as appropriate.

Line 14 – Report the “everywhere” amount for each separate company. When the apportionment factor is calculated, the spreadsheet will use the total for the group as the denominator.

Line 15 – Vermont Sales for the separate company.

Line 16 – Vermont Sales factor. (Vermont factor is the individual company’s numerator divided by the group’s “everywhere” total denominator).

Lines 19 – 21 and Lines 24 – 26 - Treated the same as Lines 14 – 16.

Line 27 – Enter 1 for each company that is electing to be treated as part of a consolidated group within the unitary return. Refer to the written guidelines above and statutory references therein. Marking the correct companies as consolidated will allow the spreadsheet to calculate the correct amount of tax.

Lines 28 – 31 – Combines the 3 apportionment factors.

Line 32 – Number of everywhere factors to divide by (generally will be 4, Sales factor is double-weighted).

Line 33 – Separate company Vermont apportionment percentage.

Lines 42 through 67 mirror Vermont Form CO-411 (corporate income tax return) to calculate the Vermont net income and tax due for each separate company.

Line 42 – For tax year 2006, use Federal Form 1120 Line 30. For tax years beginning on or after January 1, 2007, use Federal Form 1120, line 28 minus line 29b. (Vermont’s treatment of Net Operating Loss carry-forward changed in 2007. Review Tax Department Technical Bulletins 35 and 40 for details.
<http://www.state.vt.us/tax/legaltb.shtml>)

Lines 43 and 44 – Amounts of change regarding Bonus Depreciation. (Vermont is decoupled from IRC 168(k).)

Lines 46 - 52 – Statutory state addbacks and deductions.

Line 50 – Gross Up includes from Federal 1120, Schedule C lines 13, 14 and 15. Enter for each Company or Affiliate.

Line 54 – Enter from (BA-402 Line 1a and / or 1c)

Line 60 – For 2007, Vermont Net Operating Loss. Review Technical Bulletins 35 and 40.

Line 63 – Will automatically calculate tax for the consolidated group.

Line 64 – Calculates the separate tax for non-consolidated companies.

Line 66 - Enter in column B only any Vermont credits.

Lines 68 – 73 account for balance due or overpayment.

Line 68 - Enter in column B all estimated and carryforward payments.

Line 70 – Enter in column B the amount paid with return.

Line 71 – Combined column reflects the total balance due (Reflects what should be on CO-411)

Line 72 – Combined column reflects intended carryforward to next year.

Line 73 – Combined column is refund due, and should be indicated in brackets and in red (RED).

